

Chief Administrative Office

June 20, 2016

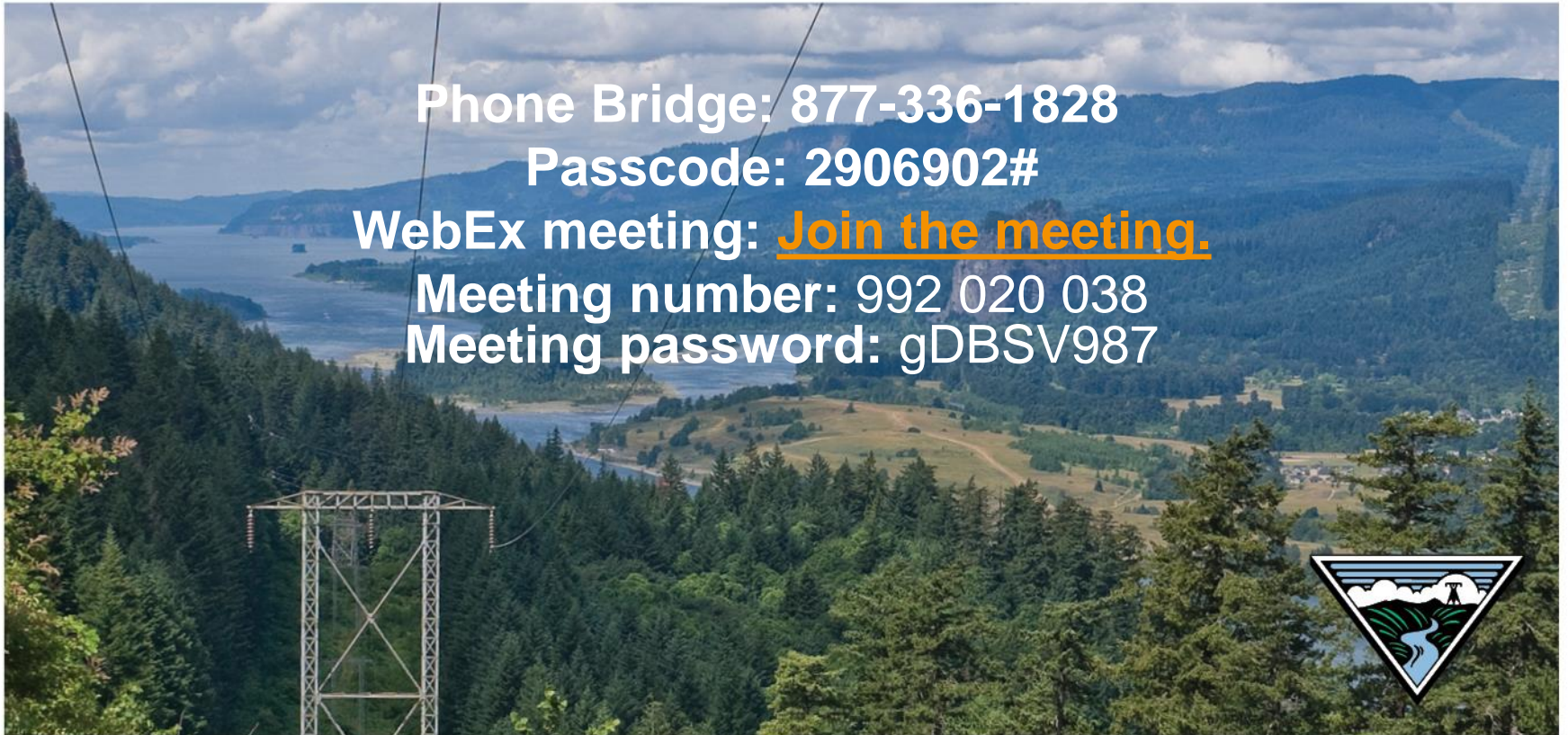
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Overview

CAO held close to BP-16 spending levels, in part by reducing program and personnel costs.

The majority of cost increases are in labor, leading to difficult staffing level decisions balanced against a need to provide efficient services.

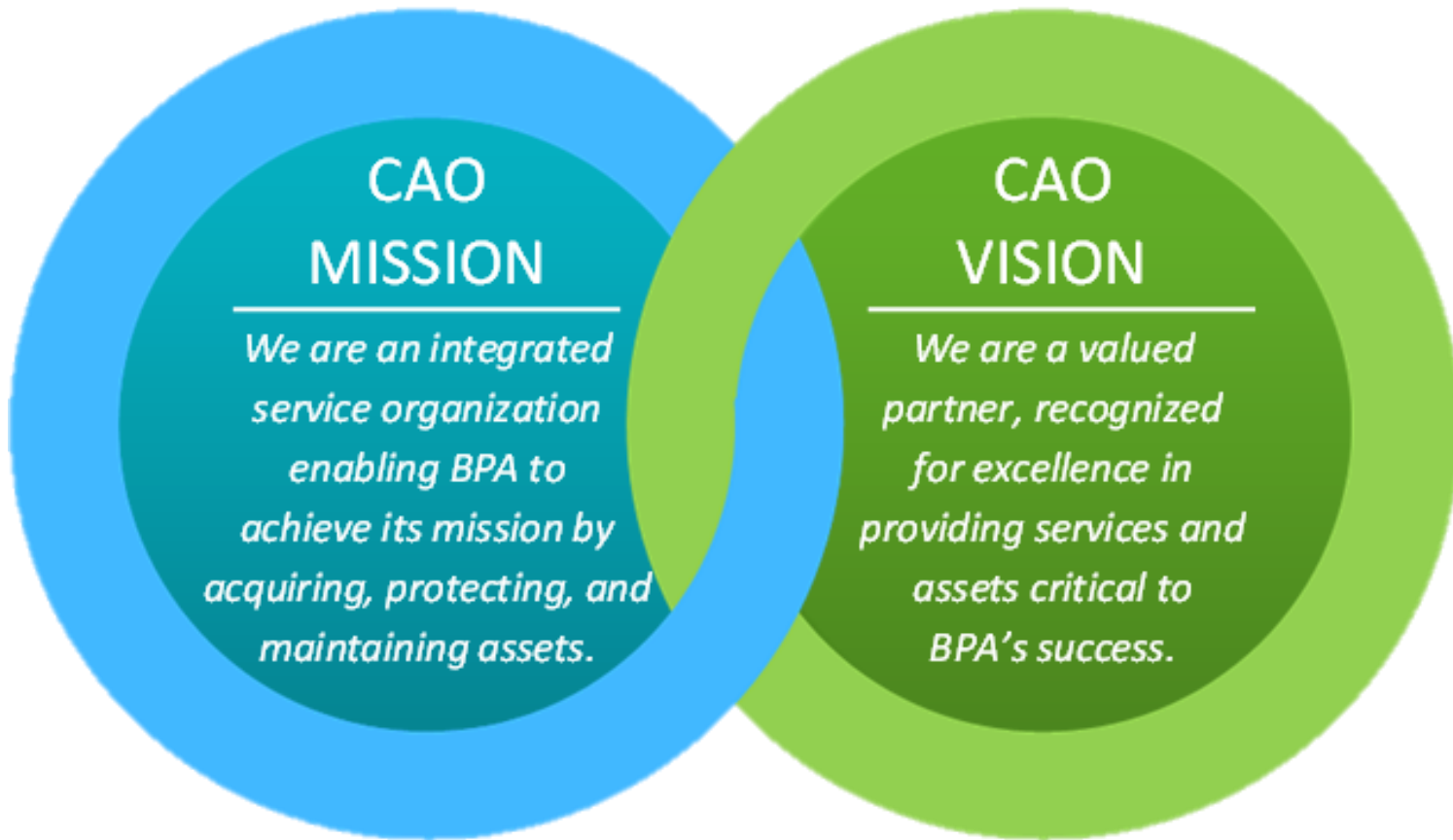
The Chief Administrative Office is comprised of the following organizations:

- Safety
- Human Capital Management
- Office of Security and Continuity of Operations
- Supply Chain
- Workplace Services

CAO is its own cost pool and will lead the Safety and Workforce KSIs



Mission and Vision





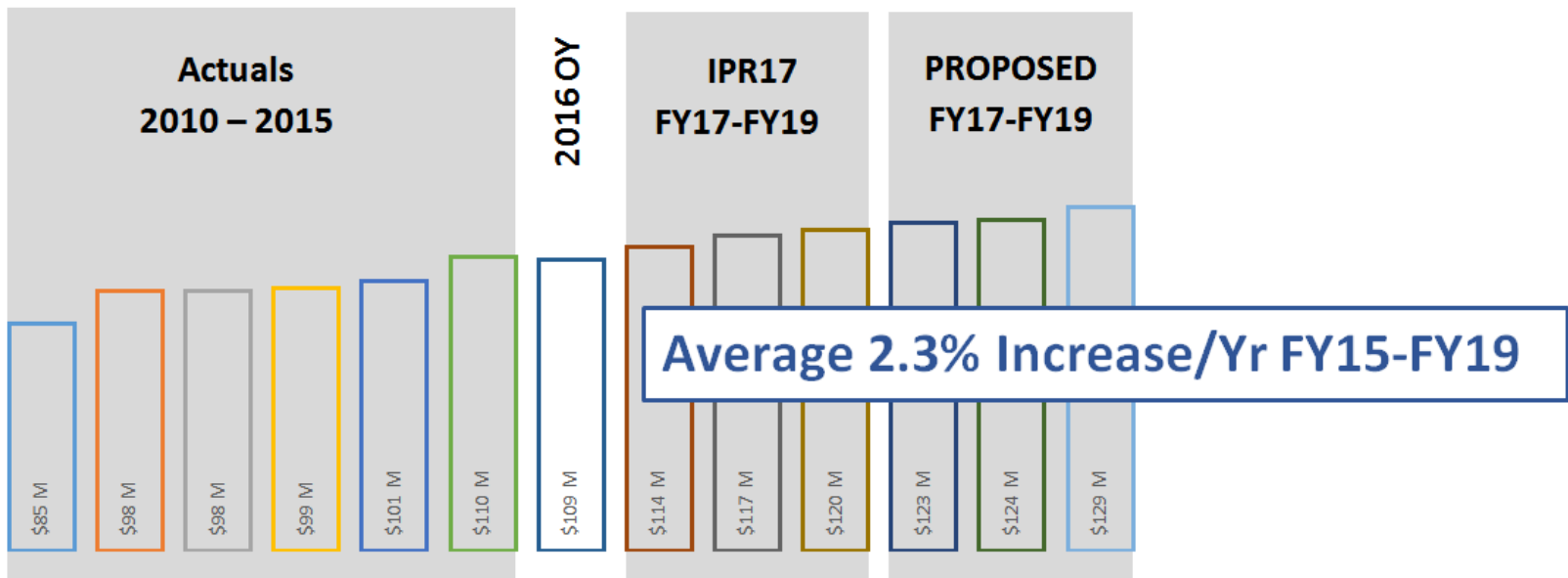
IPR FY 2018-19 Average

(\$Thousands)	Actuals	Rate Case		Proposed IPR		
	2015	2016	2017	2017	2018	2019
Administrator's Office Total	809	791	809	1,154	1,200	1,240
Human Capital Management (HCM)	18,768	20,867	21,343	17,210	17,550	17,898
Internal Operations	1,026	774	793	3,748	3,822	3,896
Safety	3,971	3,628	3,697	9,115	9,291	9,473
Security & Continuity of Operations (OSCO)	9,953	10,525	10,711	10,531	10,732	10,940
Supply Chain	20,641	21,284	21,685	19,151	19,550	19,950
Workplace Services	55,985	56,955	58,101	54,660	56,429	57,831
Chief Administrative Office Total	110,344	114,033	116,330	114,415	117,373	119,988

	FY2018-19 Average
Total CAO (35%)	\$118 Million
Total Agency Services (65%)	\$331 Million



Cost Trends & Rate Impact

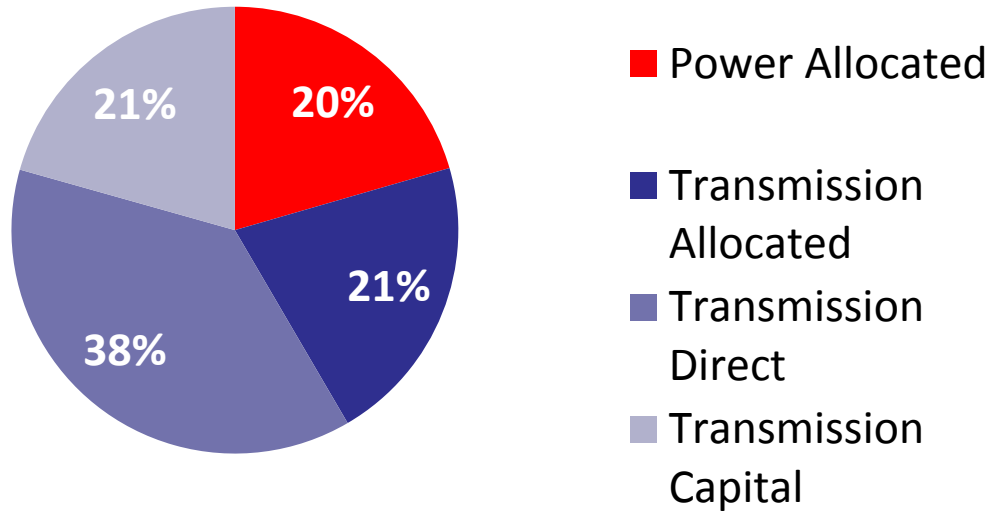


	FY2018-19 Average
Power Rate Impact	0 %
Transmission Impact	0.50%



Allocation

Power & Transmission Allocation



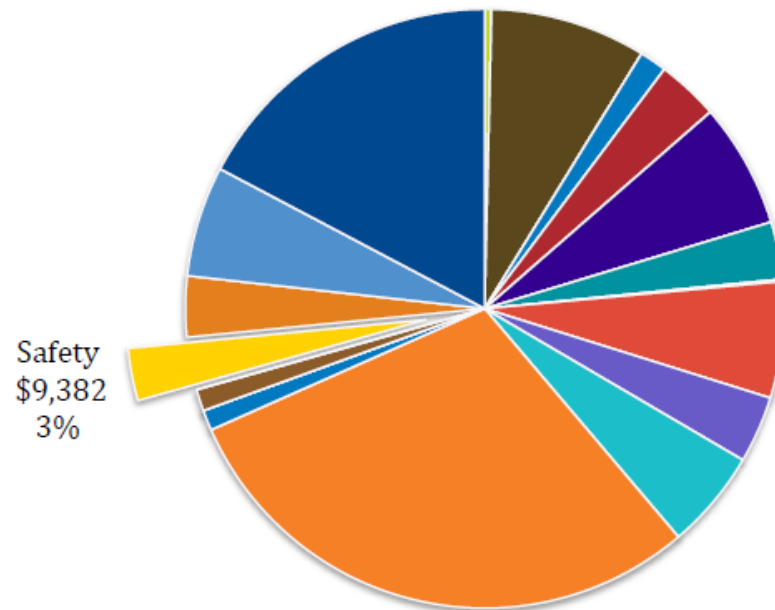
	FY2018-19 Average
Power Impact	20%
Transmission Impact	80%



Safety

- Safety is now recognized as an agency core value
- Medical Surveillance team joined the Safety Organization allowing BPA the ability to stand up a comprehensive safety and health program
- The Safety Leadership for Field Professionals course was initiated in September 2015 with multiple cohorts being offered throughout 2016 and planned for 2017–19.

FY 2018–19 Average: Proposed IPR Costs



Program Details

(\$Thousands)	Actuals	Rate Case		Proposed IPR		
	2015	2016	2017	2017	2018	2019
Agency Services G&A Allocations	3,965	3,628	3,697	9,115	9,291	9,473
Transmission Direct Support	6	0	0	0	0	0
Grand Total	3,971	3,628	3,697	9,115	9,291	9,473



Safety KSI

- BPA’s engaged employees and contractors are empowered to recognize job hazards and address safety and occupational health issues. Safety and occupational health are integrated into all aspects of work with a goal of zero injuries
- All of the Safety and Occupational Health KSI’s estimated expense was met through **existing resources** redeployed into proposed spending levels. There was no additional expense added to proposed spending levels as a result of this KSI

Safety KSI

- Safety Culture Improvement
- Safety Governance
- Safety by Design
- Integrated Safety and Occupational Health

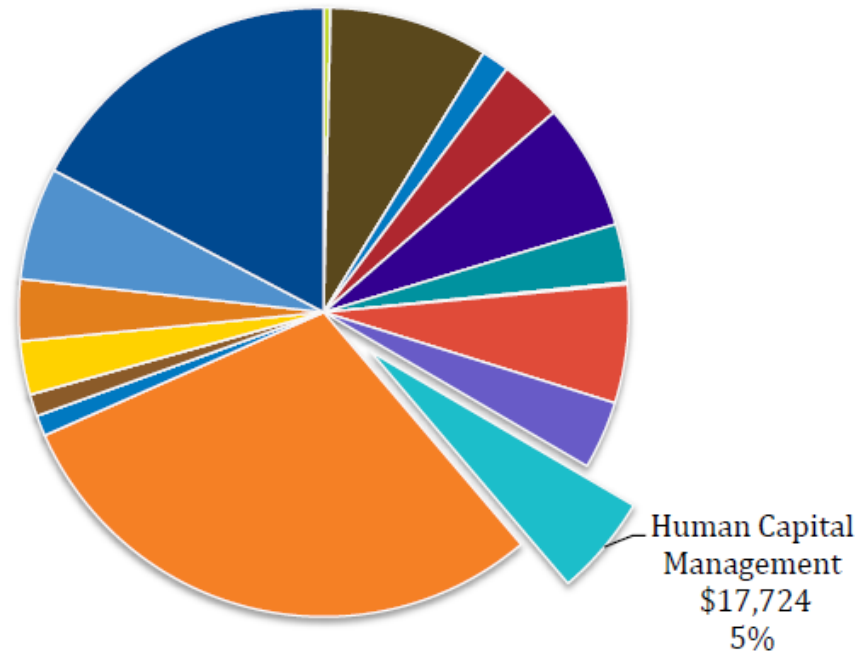
KSI Expense (\$Millions)	FY17	FY18	FY19
Redeployed	4.5	4.6	4.7
Incremental	0.0	0.0	0.0
Safety & Occupational Health Total	4.5	4.6	4.7



Human Capital Management

- HCM has regained its hiring authority since 2014 and has established a solid foundation from which model HR organizations are built
- HCM achieved position strength of 94 percent, time to hire was reduced to 120 days
- HCM created a succession planning framework based on efforts to improve bench strength

FY 2018-19 Average: Proposed IPR Costs



Program Details

(\$Thousands)	Actuals	Rate Case		Proposed IPR		
	2015	2016	2017	2017	2018	2019
Agency Services G&A Allocations	15,725	17,462	17,883	14,010	14,350	14,698
Transmission Direct Support	3,044	3,405	3,460	3,200	3,200	3,200
Grand Total	18,768	20,867	21,343	17,210	17,550	17,898



Workforce KSI

- BPA has diverse workforce of the right size and composition, with the right skills and competencies, working in a positive work environment to deliver on its public responsibilities and strategic priorities
- All of the Workforce KSI's estimated expense was met through **existing resources** redeployed into proposed spending levels. There was no additional expense added to the proposed spending levels as a result of this KSI

Workforce KSI

- Workforce Modernization
- Workforce Analysis
- Compensation Initiative

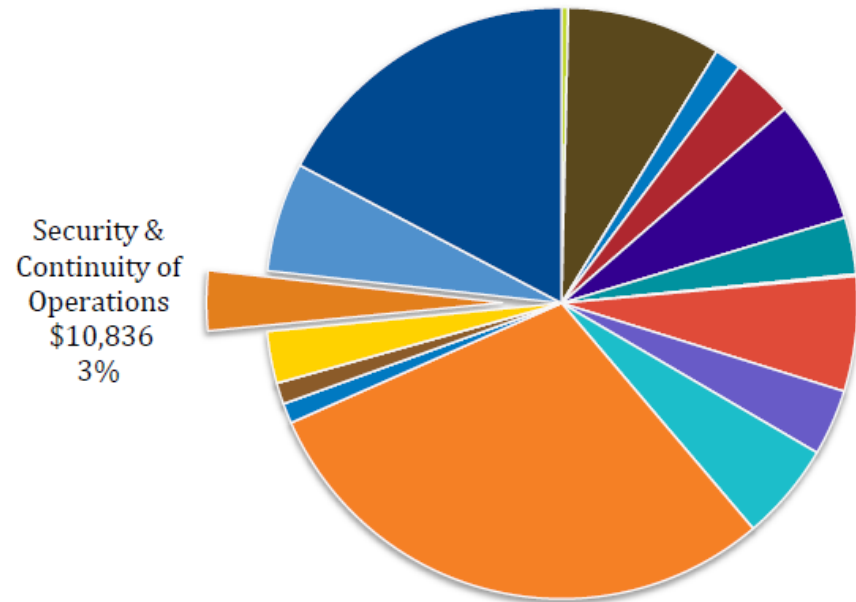
KSI Expense (\$Millions)	FY17	FY18	FY19
Redeployed	6.0	5.9	6.0
Incremental	0.0	0.0	0.0
Workforce Total	6.0	5.9	6.0



OSCO

- Physical Security Program has completed NERC CIP Version 5 transition projects
- PERSEC/INFOSEC has been assigned additional mandatory compliance requirements from OPM and NERC via the Critical Infrastructure Protection Standards (CIP)
- BPA Continuity of Operations continues prepare BPA to perform its primary Mission Essential Functions in the event of a catastrophic or disruptive event.

FY 2018-19 Average: Proposed IPR Costs



Program Details

(\$Thousands)	Actuals			Proposed IPR		
	2015	2016	2017	2017	2018	2019
Agency Services G&A Allocations	9,266	9,845	10,070	9,901	10,088	10,283
Transmission Direct Support	687	680	641	630	643	657
Grand Total	9,953	10,525	10,711	10,531	10,732	10,940



OSCO - Capital

- Identify, prioritize and close security gaps in protection standards set by BPA's Critical Asset Security Plan (CASP).
- Research, develop, scope and implement a technology refresh of aging security infrastructure in the near term
- Forecast, prioritize and fund system maintenance activities which are economical, sustainable risk informed and ensure reliable system performance.

Program Details

(\$Thousands)	Actuals	Rate Case		Proposed CIR			
	2015	2016	2017	2017	2018	2019	FY 17- 19 Total
Asset Category Direct Spending							
Security	1,447	6,383	7,570	8,000	6,000	8,000	22,000
Grand Total	1,447	6,383	7,570	8,000	6,000	8,000	22,000

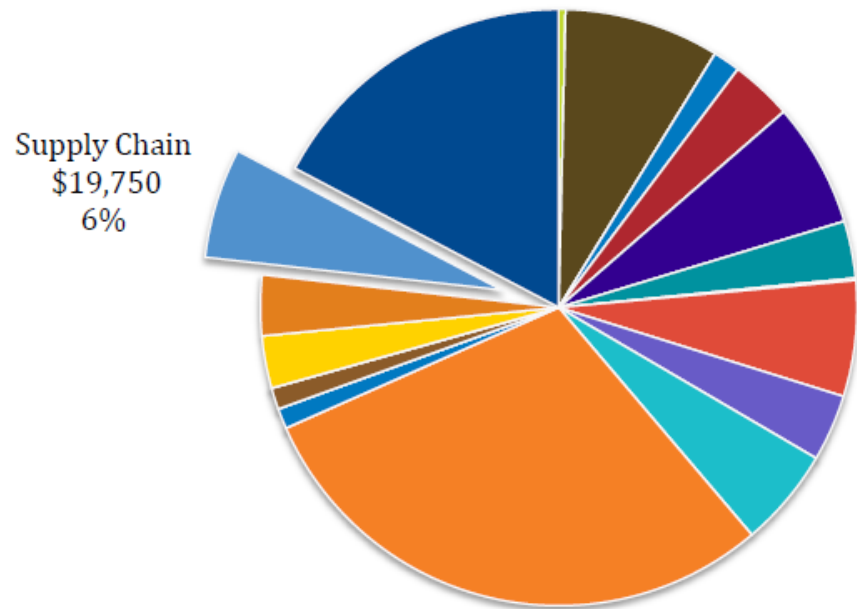
(\$Thousands)	Remaining CIR						
	2020	2021	2022	2023	2024	2025	2026
Asset Category Direct Spending							
Security	7,000	7,000	7,000	7,000	5,418	5,527	5,635
Grand Total	7,000	7,000	7,000	7,000	5,418	5,527	5,635



Supply Chain

- The consolidated Fleet Management organization went live with Fleetworx, a fleet management system that will provide detailed fleet asset data and allow for effective maintenance planning of the BPA fleet
- The optimizing of the procurement organization, warehouse operations and the Supplemental Labor Management Office (SLMO) will gain efficiency for customers, reduce costs and increase compliance.

FY 2018-19 Average: Proposed IPR Costs



Program Details

(\$Thousands)	Actuals	Rate Case		Proposed IPR		
	2015	2016	2017	2017	2018	2019
Agency Services G&A Allocations	5,858	5,940	6,108	4,291	4,426	4,437
Transmission Direct Support	14,783	15,344	15,577	14,861	15,124	15,514
Grand Total	20,641	21,284	21,685	19,151	19,550	19,950



Fleet - Capital

- Fleet will work towards right-sizing its fleet and optimizing the lifecycle of the various vehicles and equipment to ensure proper fleet management responsibilities
- Fleet efforts are keenly focused on updating BPA's fleet to approach utility industry standards which have evaluated lifecycles and costs
- The projected end results are the stabilization of expenditures and replacements, in concert with an evenly distributed replacement program for the long-term

Program Details

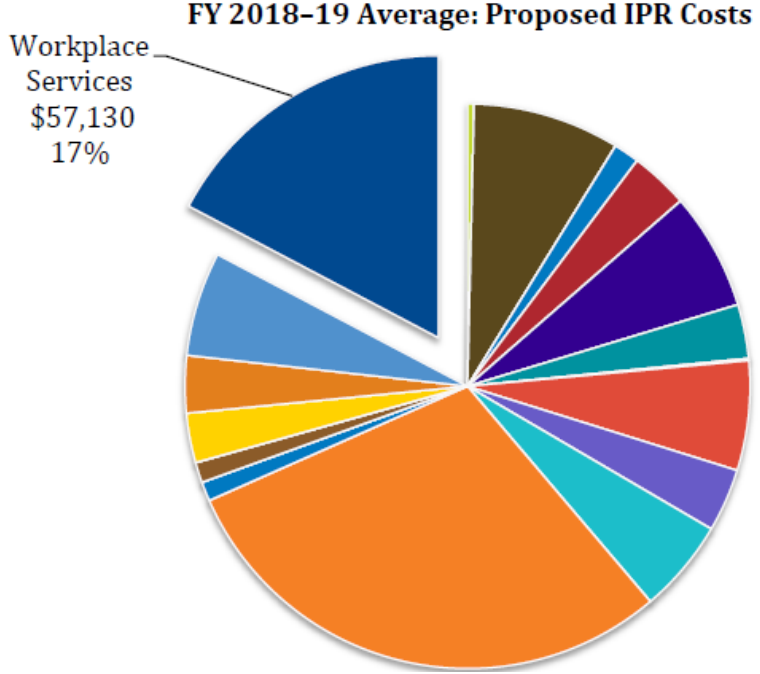
(\$Thousands)	Actuals	Rate Case		Proposed CIR			FY 17- 19 Total
	2015	2016	2017	2017	2018	2019	
Asset Category Direct Spending							
Fleet	2,193	7,002	7,800	6,200	6,700	7,200	20,100
Grand Total	2,193	7,002	7,800	6,200	6,700	7,200	20,100

(\$Thousands)	Remaining CIR						
	2020	2021	2022	2023	2024	2025	2026
Asset Category Direct Spending							
Fleet	7,500	8,000	8,200	8,500	9,200	9,500	9,500
Grand Total	7,500	8,000	8,200	8,500	9,200	9,500	9,500



Workplace Services

- Workplace Services has implemented new design processes on major facility projects that have resulted in higher quality designs and reduced rework, delays, and operations and maintenance difficulties
- More intense scrutiny on utility consumption and execution of energy and water efficiency projects has led to lower facilities utility and operational costs
- Higher quality control on our procurement methods to ensure that we are using the most efficient contracting means.



Program Details

(\$Thousands)	Actuals	Rate Case		Proposed IPR		
	2015	2016	2017	2017	2018	2019
Agency Services G&A Allocations	31,084	33,295	33,872	30,155	30,434	32,776
Transmission Direct Support	24,901	23,660	24,229	24,505	25,995	25,054
Grand Total	55,985	56,955	58,101	54,660	56,429	57,831



Facilities - Capital

- The scope of asset management activities includes replacements, renovation, system replacement and disposal of assets. Excluded are investments defined as expansion (including new facilities and additions to existing Transmission control houses)
- Out year spending levels may be updated based on specific projects that are approved but the CIR funding proposal in total will not change.

Program Details

(\$Thousands)	Actuals	Rate Case		Proposed CIR			FY 17- 19 Total
	2015	2016	2017	2017	2018	2019	
Asset Category Direct Spending							
Facilities	12,708	38,876	17,005	21,900	17,900	35,000	74,800
Grand Total	12,708	38,876	17,005	21,900	17,900	35,000	74,800

(\$Thousands)	Remaining CIR						
	2020	2021	2022	2023	2024	2025	2026
Asset Category Direct Spending							
Facilities	25,005	25,005	25,005	25,005	26,300	26,900	27,400
Grand Total	25,005	25,005	25,005	25,005	26,300	26,900	27,400



Tradeoffs

Staffing

- Supplemental labor
- Federal Labor

Facilities

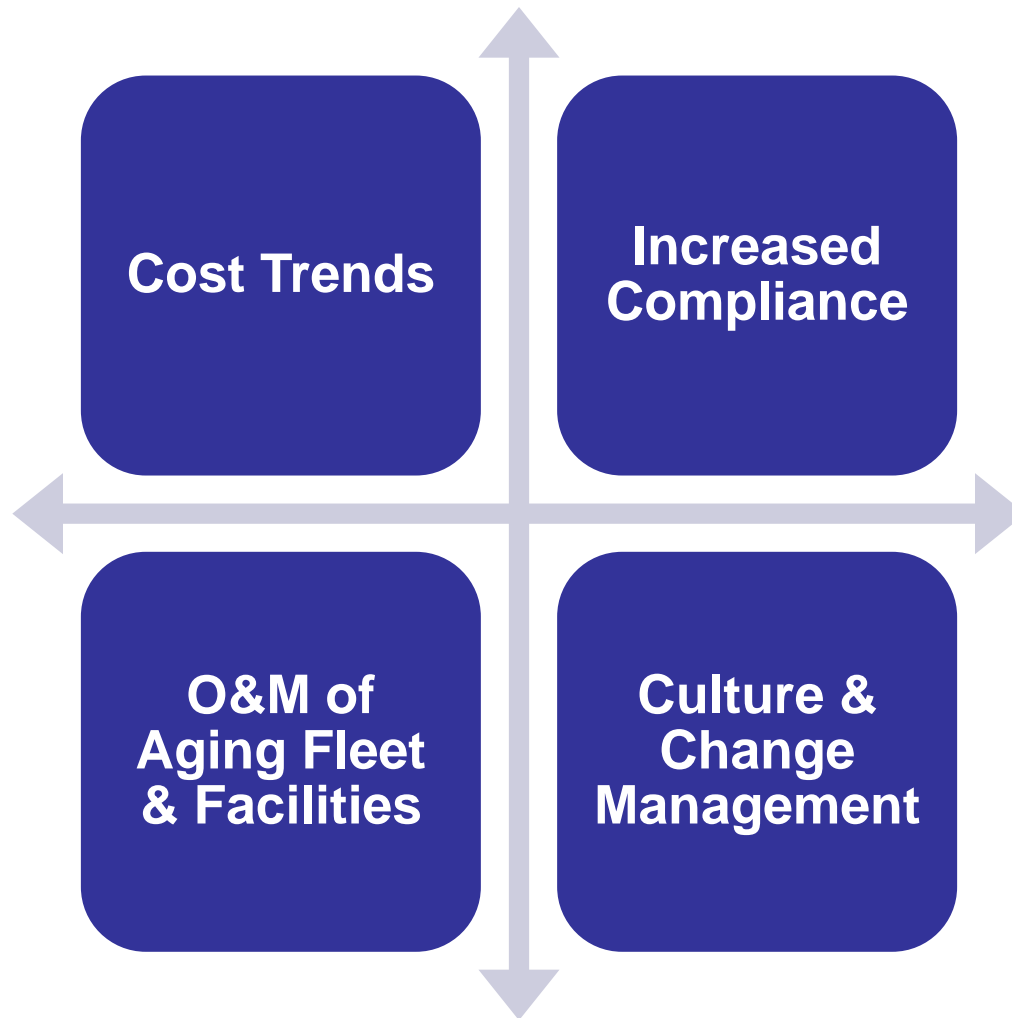
- Maintenance HQs
- Ross Complex Projects
- Hazmat Abatement

Security

- NERC CIP 14
- PERSEC/INFOSEC
- COOP



Our Challenges





Our Focus

- **Safety and Occupational Health KSI**
 - BPA's engaged employees and contractors are empowered to recognize job hazards and address safety and occupational health issues. Safety and occupational health are integrated into all aspects of work with a goal of zero injuries. The costs for this KSI were absorbed within proposed spending levels.
- **Workforce KSI**
 - BPA has a diverse workforce of the right size and composition, with the right skills and competencies, working in a positive work environment to deliver on its public responsibilities and strategic priorities. The costs for this KSI were absorbed within proposed spending levels.
- **Asset Management KSI**
 - Investments are created, selected and executed through leading practice-based portfolio and project management practices.

Contact Us

Comments can be sent to:

Participants can submit comments on BPA's Initial IPR/CIR Publication and proposed levels during an eight-week public comment period beginning June 16 and concluding August 12, 2016. Comments can be submitted:

- Online at www.bpa.gov/comment
- By mail to: BPA, P.O. Box 14428, Portland, OR 97293-4428.
- By email to BPAFinance@BPA.gov

Please send questions to:

BPAFinance@BPA.gov



Thank you

Financial Disclosure

- This information was made publicly available on June 20, 2016, and contains information not sourced directly from BPA financial statements.